



U.S. Immigration  
and Customs  
Enforcement

February 1, 2006

# News Release

## **MAN PLEADS GUILTY TO TRAFFICKING COUNTERFEIT DESIGNER LEATHER GOODS**

***Defendant will be ordered to pay almost \$100,000 in restitution to Gucci & state tax board***

LOS ANGELES – A North Hollywood man could end up paying nearly \$100,000 in restitution after pleading guilty today in superior court in Los Angeles to counterfeiting and state tax evasion charges for his role in a scheme to import thousands of counterfeit designer handbags.

Gad Azoulay, 37, was arrested in October 2004 following a joint investigation by U.S. Immigration and Customs Enforcement (ICE), the Los Angeles County District Attorney's Office, and the California Franchise Tax Board (FTB).

At a hearing before Superior Court Judge Sam Ohta this morning, Azoulay pleaded guilty to one count of counterfeiting and one count of tax fraud. Azoulay is facing up to two years in state prison when he is sentenced April 24. As part of the sentence, Judge Ohta also indicated that Azoulay will be ordered to pay between \$50,000-\$71,000 in restitution to the manufacturers and up to \$27,000 to the Franchise Tax Board.

"I hope this sends a message to those that import or sell counterfeit handbags that the crimes are not victimless, and that local and federal law enforcement take them very seriously," said Deputy District Attorney David Berton.

The investigation began almost four years ago after U.S. Customs and Border Protection intercepted two shipping containers that arrived at the Port of Los Angeles/Long Beach packed with more than 12,000 handbags, including counterfeit Gucci and Louis Vuitton items. ICE agents say Azoulay sold the merchandise through a business called the Inbal Collection in downtown Los Angeles.

"The trafficking of counterfeit goods is a global enterprise that robs legitimate companies of billions of dollars in revenues every year," said Kevin Kozak, acting special agent-in-charge of ICE investigations in Los Angeles. "What's more, these sales generate profits that often go to support other types of criminal activity. ICE is working closely with its federal and state law enforcement partners to identify the smuggling schemes and dismantle the organizations involved."

The FTB, which is tasked with ensuring that the state collects the proper amount of tax revenue, played a crucial role in the investigation.

“We aggressively pursue this sort of fraud because it cheats California’s schools, parks and hospitals out of vital funding,” said Steve Westly, state controller and chair of the FTB. “We’re not going to let honest Californians pay higher taxes because someone wants to make a quick buck. We will send you to jail if you cheat California.”

#ICE#

*U.S. Immigration and Customs Enforcement was established in March 2003 as the largest investigative arm of the Department of Homeland Security. ICE is comprised of four integrated divisions that form a 21st century law enforcement agency with broad responsibilities for a number of key homeland security priorities.*